



# FAA's NEW COMPENSATION SYSTEM





# Federal Aviation Administration Core Compensation Plan



## SCI ORIENTATION





# The Core Compensation Plan: SCI Orientation



*Welcome and  
Purpose*





# Welcome To Orientation

## ▼ Welcome to the SCL Orientation

- each ATN location
- to this session
- to today's process



# Welcome To Orientation Cont.....

▼ The “target” audience of this session

▼ Tone

- A briefing, not a training session
- About implementation, not defense of the design



# SCI Orientation Purpose

- ▼ Shared understanding of the SCI process
- ▼ Build capability for managers/supervisors
- ▼ Provide facts necessary for trial run
- ▼ Clarity on the implementation



# SCI Orientation Agenda

- ▼ **Context Setting (15 minutes)**
    - Questions (5 minutes)
  - ▼ **Process Overview (15 minutes)**
    - Questions (5 minutes)
  - ▼ **Criteria and Tools (20 minutes)**
    - Questions (5 minutes)
  - ▼ **Outcomes and Implications (25 minutes)**
  - ▼ **Questions and Answers (25 minutes)**
  - ▼ **Implementation Timeline (5 minutes)**
- Total time = 2 hours**



# SCI Orientation Ground Rules

## ▼ For participation

## ▼ Process for Q and A's

- hold questions until scheduled periods in the broadcast
- clarity / content questions at end of each major section
- time block for “deeper” questions at the end of session
- no speeches please (opinions in the form of questions)





# SCI Orientation Ground Rules Cont.....

- ▼ **Use of keypads / microphones /  
telephones**
- ▼ **Other ground rules necessary for a  
successful ATN (Aviation Training  
Network) Production**



# SCI Orientation



## *Context Setting*





## Brief Background

- ▼ **DOT 1996 Appropriations Act Authorized Personnel Reform**
- ▼ **Design Teams Identified Opportunities, Made Recommendations for Changes in Personnel Programs Based on Best Practices in Private and Public Sectors**
- ▼ **Compensation Committee Established April 1996**



## Brief Background Cont.....

- ▼ Developed Compensation Framework February 1997
- ▼ Pilot of Core July 1998
- ▼ Core Plan Implemented FAA-wide on April 23, 2000 (for Non-Union Employees)



# The FAA Compensation System

- ▼ **Several Integrated Plans**
- ▼ **A Common Set of Philosophies and Values**
- ▼ **Shared Compensation Tools**
- ▼ **Differences Must Be Based on Business Need**
- ▼ **Supports FAA's Ability to Meet Challenges**
- ▼ **Reflects Best Practices of Private and Public Sectors**



# New Pay Systems: We're Not The First

## ▼ Other Federal Agencies With Flexible Pay Systems

- **GAO**
- **FBI**
- **FDIC**
- **Federal Reserve**
- **National Institute of  
Standards & Technology**
- **NSA**
- **NASA**
- **Los Alamos Labs (DOE)**



# **New Pay Systems: We're Not The First Cont.....**

## **▼ Other Federal Agencies With Flexible Pay Systems Cont.....**

- Navy Laboratories**
- Commerce Department**
- Department of  
Agriculture**
- Department of Veteran's  
Affairs**
- U.S. Postal Service**
- IRS**
- DoD Intelligence  
Community**



# **New Pay Systems: We're Not The First Cont.....**

- ▼ **OPM in the Process of  
Overhauling the Federal Pay  
System**
- ▼ **Core Compensation Plan  
Potential Model for Others**





# The SCl Component Discussed

- ▼ SCl designed to provide larger increase based on contribution
- ▼ ARA/AIO Pilot Learnings
- ▼ COMP COMM and CCCIT logic and expected results
- ▼ Changes since last update



# **Learnings from the ARA/AIO Pilot**

- ▼ **The purpose of the ARA/AIO pilot was to determine the potential of the process and to identify enhancements prior to broader agency application. Summary of the key learnings include the following:**



## **Learnings from the ARA/AIO Pilot Cont.....**

- ▼ **No paired comparisons**
- ▼ **Ensure ease of administration**
- ▼ **Provide structure and tools to facilitate consistency of application**
- ▼ **Provide checks and balances**
- ▼ **Allow employees to have input to the process**



## **Learnings from the ARA/AIO Pilot Cont.....**

- ▼ Design the criteria using a cross-functional team of SME's**
- ▼ Pilot, test, and learn as we go**
- ▼ Enhancements have been made based on ARA/AIO insights**



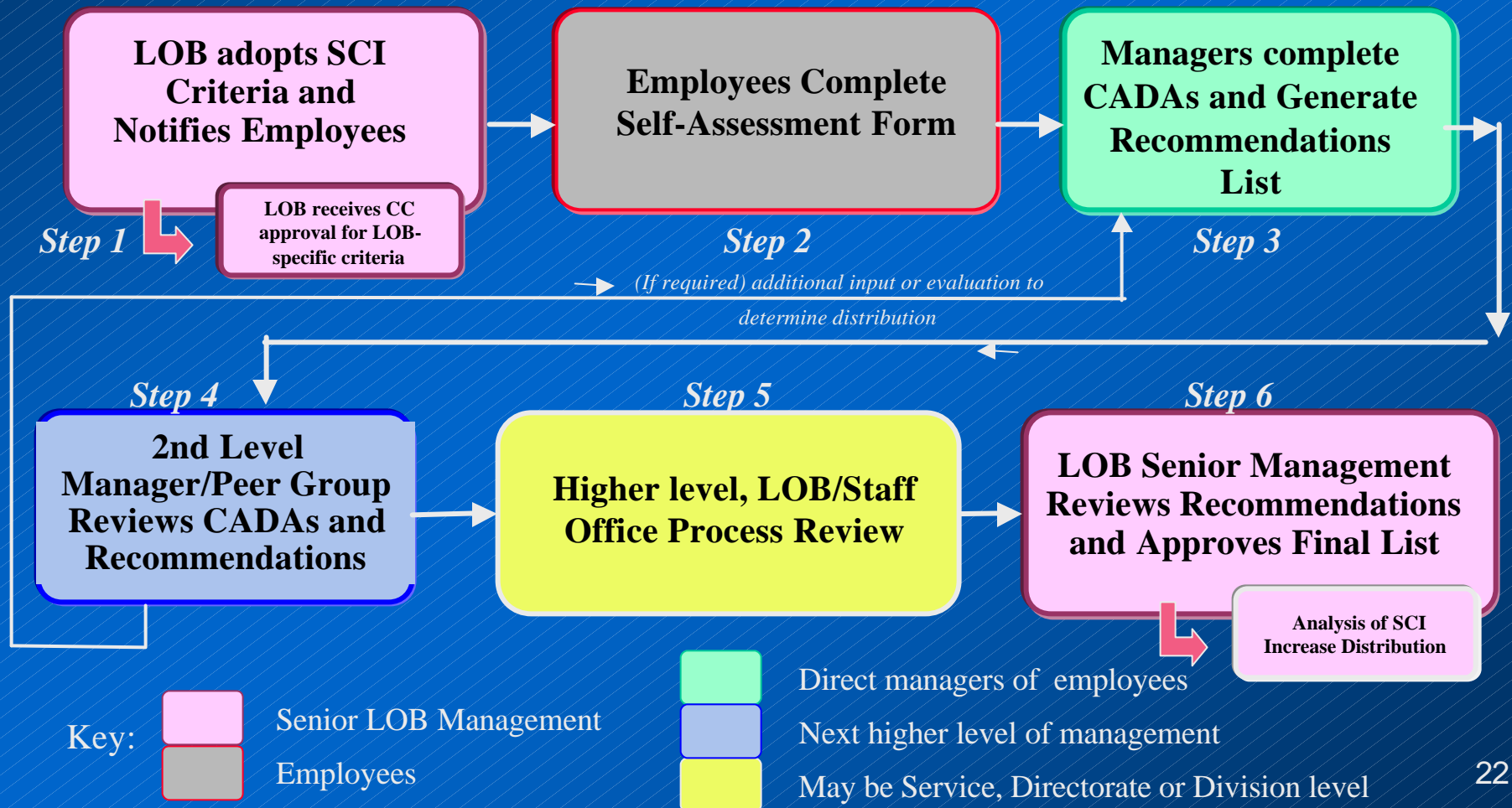
# SCI Orientation



## *Process Overview*

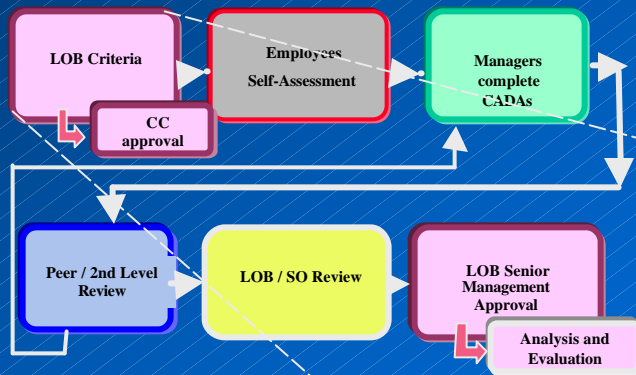


# SCI Process Overview





# SCI Process



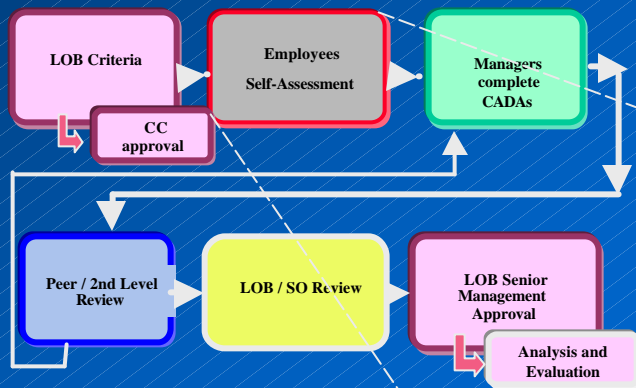
*Step 1*

**LOB Adopts SCI  
Criteria and Notifies  
Employees**

**LOB receives CC approval  
for LOB-specific criteria**



# SCI Process



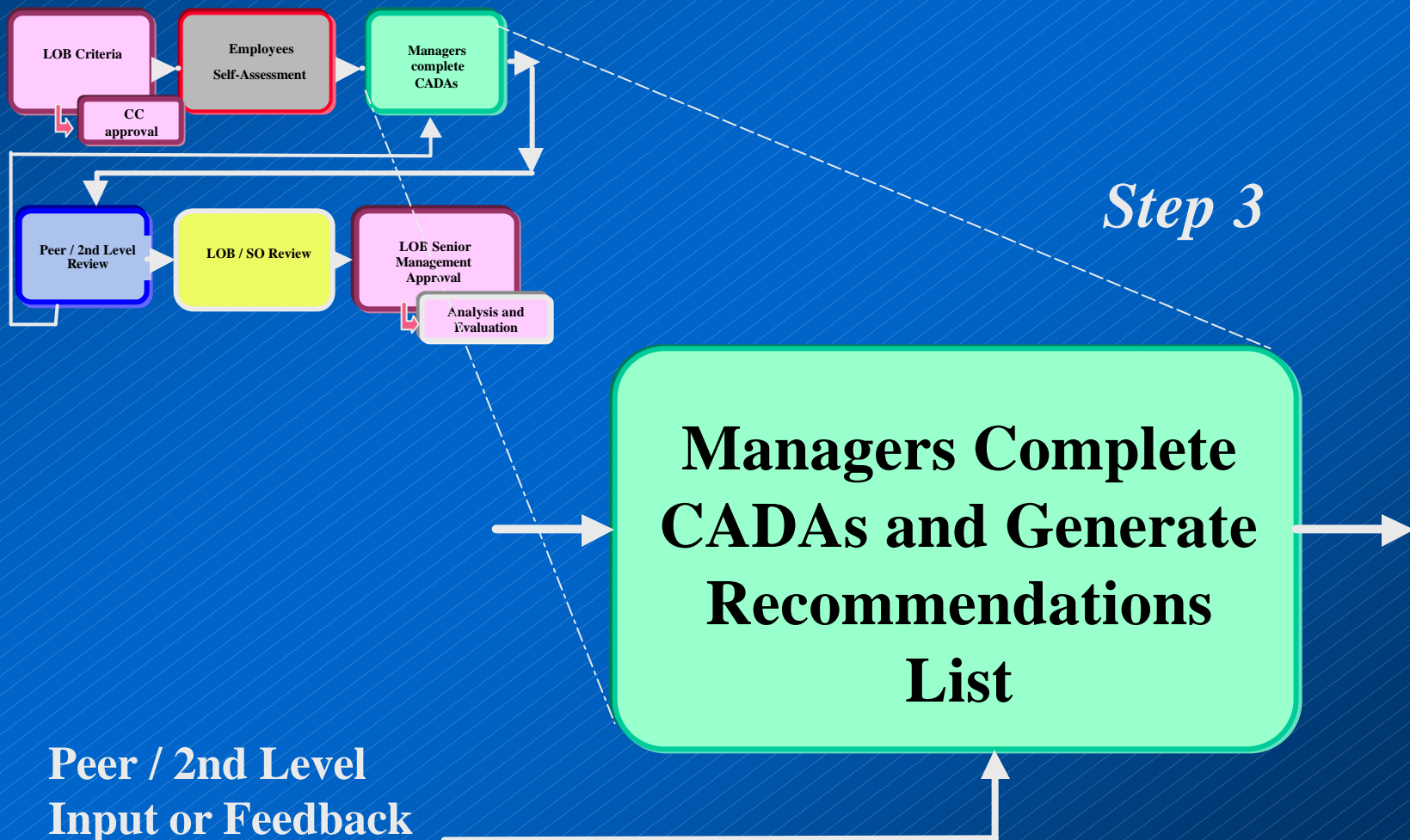
*Step 2*

**Employees Complete  
Self-Assessment Form**



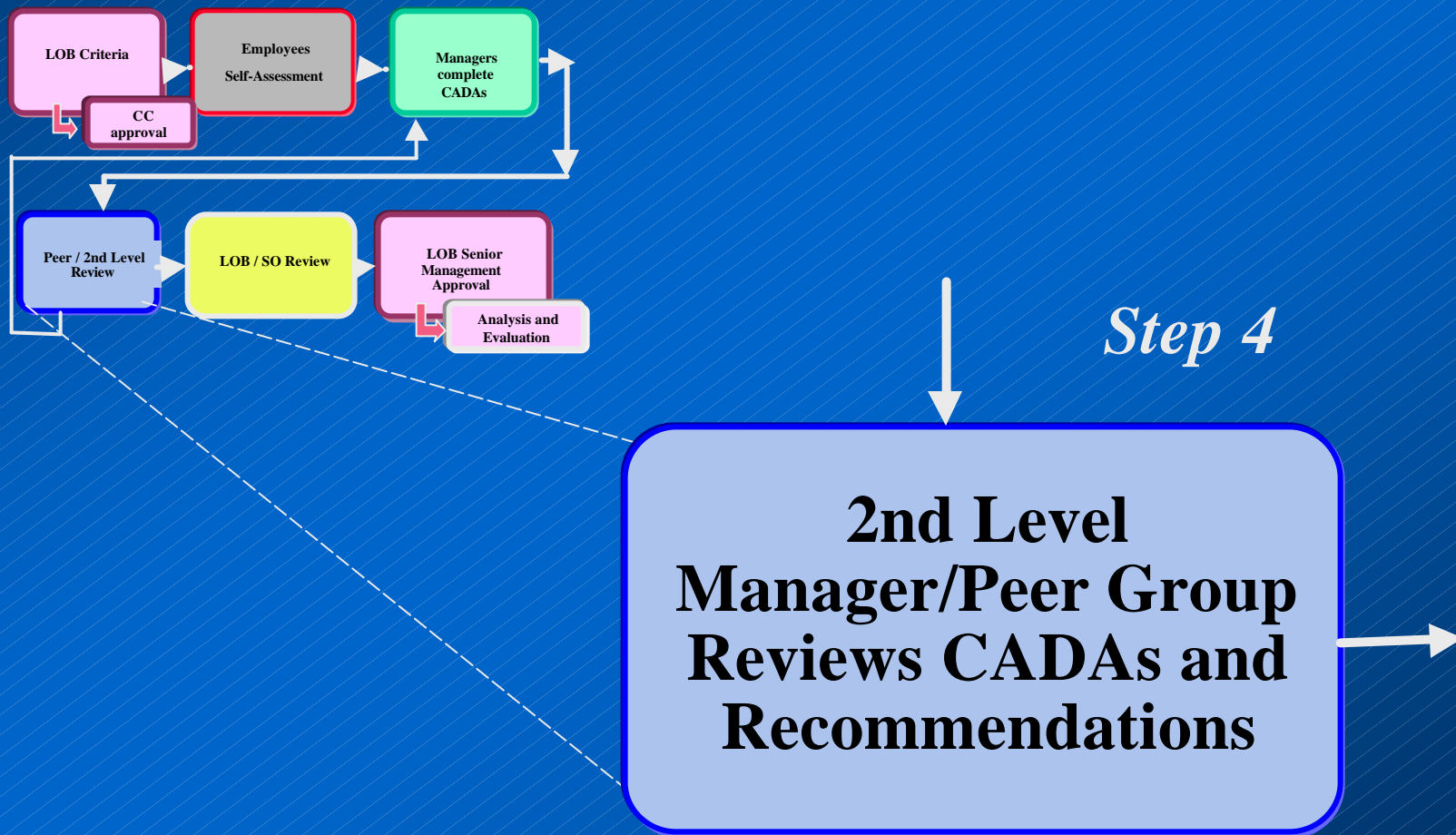


# SCI Process



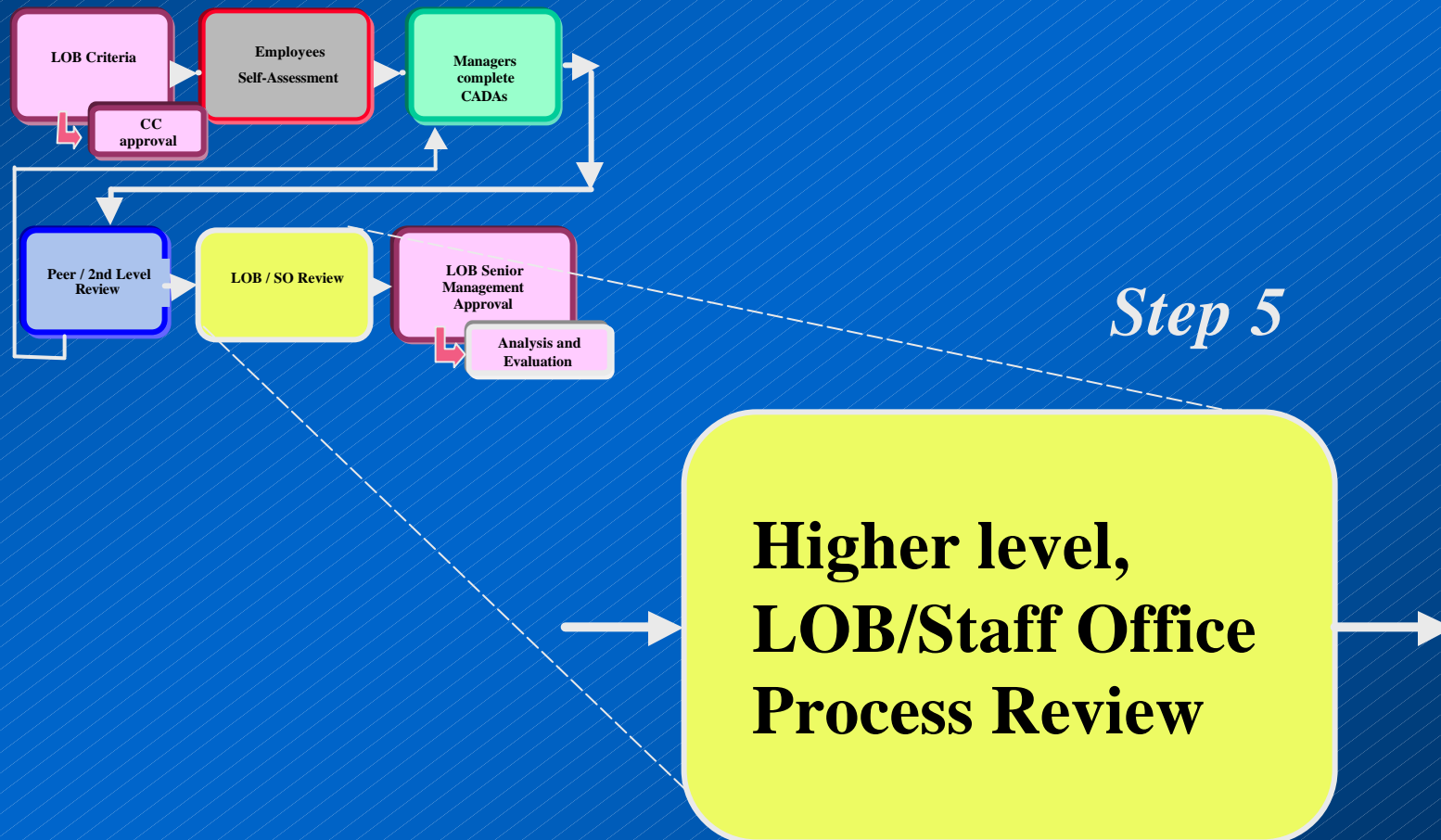


# SCI Process



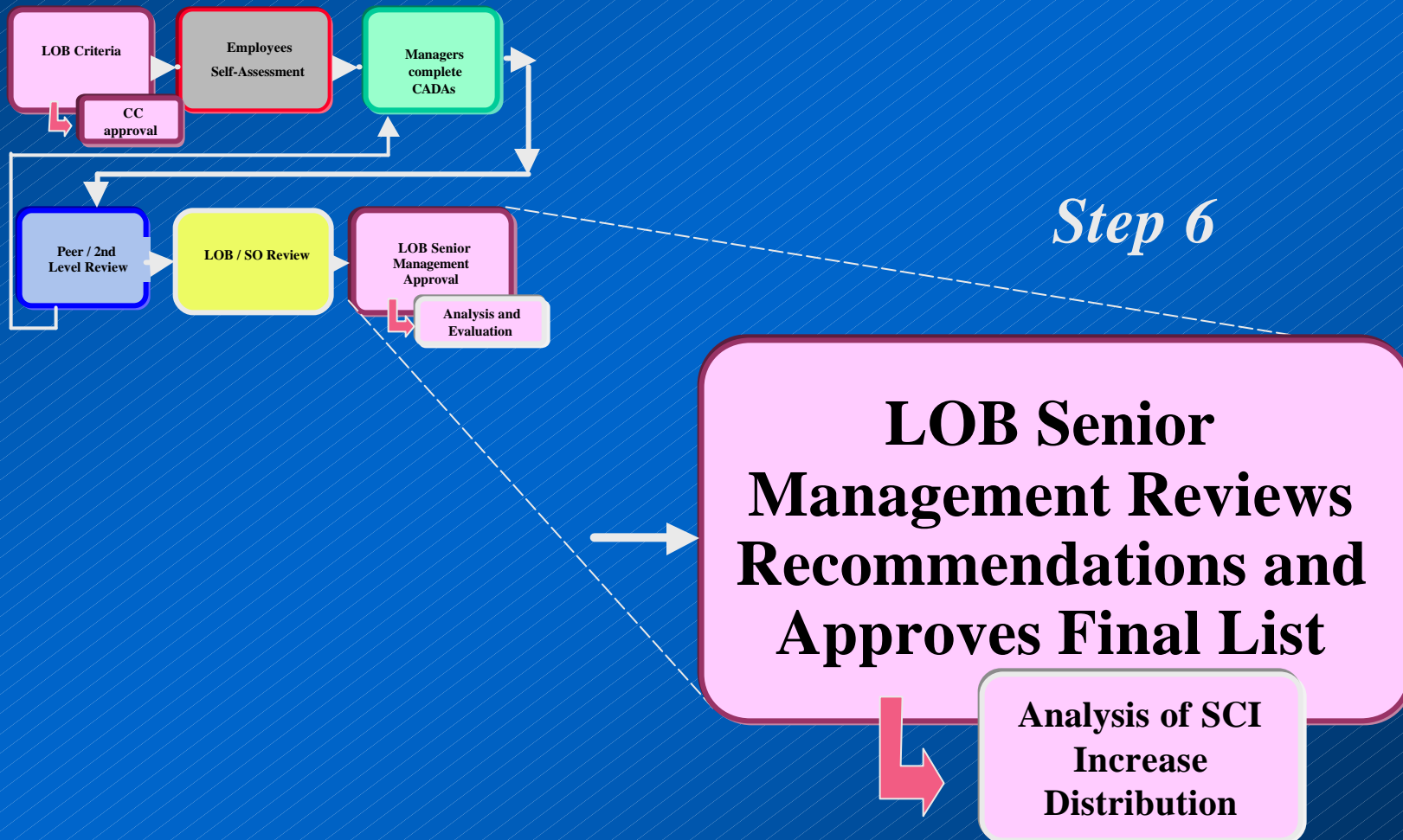


# SCI Process





# SCI Process





# SCI Orientation



## *Criteria and Tools*





# Criteria

## *All Employees*

- **Collaboration**
- **Customer Service**
- **Impact on Organizational Success**

## *Managers Only*

- **Management Leadership**

## *LOB-Specific*

- **Potentially Two Additional Criteria**



# Collaboration

▼ **Definition:** The extent to which an employee's work with others contributes to the productivity and success of the organization.



# Collaboration

## ▼ Considerations:

- Interpersonal skills; ability to resolve problems and differences.
- Communication clarity, timeliness, and appropriateness.
- Taking initiative to seek and share insights and information.
- Ability to give and receive constructive feedback.
- Orientation toward team over self.





# Customer Service

▼ **Definition:** The extent to which the employee provides services and products to meet the needs of internal customers and stakeholders such as Congress, industry, the media and the public in an accurate, timely, consistent and professional manner



# Customer Service

## ▼ Considerations:

- Customer inquiry, problem diagnosis, and interaction skills.
- Adoption of customer's frame of reference (operations and needs).
- Advise and support of customers through resolution of compliance issues.
- Use of customer feedback to make process improvements.



# Impact on Organizational Success

- ▼ **Definition:** The extent to which the employee demonstrates success in setting priorities and accomplishing work that directly impacts the ability of the organization (which may be at any level: branch, division, field facility, directorate, service, LOB/SO, etc.) to meet its performance objectives and the delivery of high quality products/services



# Impact on Organizational Success

## ▼ Considerations:

- Quantity and quality of deliverables and outcomes versus expectations.
- Productivity and resource utilization.
- Application of knowledge and skill for maximum impact.
- Alignment of actions with the mission of the organization.
- Application of standards and regulations to achieve excellence.
- Planning, prioritization, and time utilization.
- Demonstration and promotion of MWE concepts.



# Management Leadership

- ▼ **Definition:** The extent to which the manager creates a positive work environment by demonstrating a commitment to the values of diversity and the model work environment, team development, fiscal responsibility, and adhering to applicable work place safety requirements. Leadership includes creating an environment that supports and encourages the contributions of all employees (which may be at any organization level).



# Management Leadership

## ▼ Considerations:

- Managing diversity; advocating and implementing the MWE concepts.
- Enforcement and application of policies and procedures.
- Improvement of work processes within a strategic context.
- Integration of program goals and priorities.
- Establishment of an atmosphere of open communication and trust.
- Financial management.
- Employee mentoring, development, and performance management.



# Tools

- ▼ **Employee Input Form** -- A short form for employees to provide results-based input to their manager. Participation is not required, but is strongly encouraged.
- ▼ **Contribution Continuum** -- A set of indicators for each SCI criterion that indicate different levels of contributions.
- ▼ **CADA** -- Contribution Assessment Decision Aid used by managers to record and submit each individual's contributions.
- ▼ **Review Guidelines** -- To ensure an objective look at the recommended increase distribution.



# Roles

- ▼ **Employees:** Understand criteria. Submit input to manager.
- ▼ **Managers:** Consider employee contributions. Complete CADA. Recommend SCI allocations.
- ▼ **Peer Managers:** Participate in making SCI decisions as necessary.
- ▼ **Second Level Reviewing Manager:** Review and consolidate organizational recommendations
- ▼ **LOB/Division Management:** Ensure program completeness and compliance.





# Eligibility

- ▼ **Employees covered by the Core Plan**
- ▼ **Employees on-board for 90 days of the performance cycle**
- ▼ **Employees with a performance rating of “Meets Expectations” or equivalent.**
- ▼ **Employees who have not been suspended, demoted for conduct or performance, or removed during the current performance cycle.**



# The Core Compensation Plan



## *Outcomes and Implications*





## SCI Payout

▼ **65% of the eligible core compensation employees will receive an SCI, instead of 20%.**



# SCI Payout Tiers

▼ There are now two SCI payout tiers:

▼ SCI-1 and

▼ SCI-2



## SCI Payout Tiers Cont.....

- ▼ **SCI-1: provides the Organizational Success Increase (OSI), plus an additional 1.8% increase in base pay to 20% of eligible employees.**



## SCI Payout Tiers Cont.....

- ▼ **SCI-2: provides the OSI, plus an additional 0.6% increase in base pay to 45% of eligible employees**



## **Payout for Remainder of Eligible Employees**

**▼ 35% of the eligible core compensation employees will receive an OSI, i.e., the general increase plus 1.0%**



# Payout Summary

- ▼ OSI determination made by the Administrator
- ▼ 65% will get the SCI, i.e.,
  - 20% will get SCI 1; OSI increase plus 1.8%
  - 45% will get SCI 2; OSI increase plus 0.6%
- ▼ 35% will receive OSI; general increase plus 1.0%





# Quality Assurance of the SCI Process

- ▼ Considered ARA/AIO experience
- ▼ Considered budget neutrality requirement
- ▼ Many mechanisms to ensure fairness
  - Second Level Manager Review
  - LOB Oversight
  - Compensation Committee Oversight
- ▼ Trial period for evaluation and improvement



# Relationship to Other Initiatives

▼ Performance Management

▼ Model Work Environment themes



## Relationship of SCI to Performance Management

- ▼ Performance Management is intended to be an on-going process of goal setting, development, and feedback, whereas the SCI determination is an annual event.



## Relationship of SCl to Performance Management

- ▼ Performance Management results are not an “automatic trigger” for an increase, since the SCl criteria intentionally do not align with job standards, MBO goals, or other forms of specific performance expectations.



## Relationship of SCI to Model Work Environment

- ▼ The Model Work Environment concept and objectives were used as one of many important inputs to develop the “Contribution Continuum”, which outlines examples of demonstrated evidence for each criteria.
- ▼ Consequently, the expected outcomes of the MWE initiative have been embedded either explicitly or implicitly within each SCI criteria.
- ▼ In this regard, MWE can be characterized as one of the fundamental building blocks of the assessment process.



# The Core Compensation Plan



## *Questions and Answers*





# Frequently Asked Questions #1

- ▼ **Do all employees have an equal chance at receiving an SCI?**
  - Everyone has a chance to receive an SCI depending on his or her contribution. Within the pool of those eligible, SCI increases will be distributed to those employees who have made the most significant contributions, with respect to their “sphere of influence” and opportunity to contribute.



## Frequently Asked Questions #2

- ▼ Which criterion is most important?
  - All of the criteria are equally important.





## Frequently Asked Questions #3

▼ It seems like we are still trying to figure out how to administer this new compensation system. Is this an accurate observation?



# Frequently Asked Questions

## #3

- The FAA is undergoing a slow organization culture change from an environment of entitlement to become a performance-based organization. Organization culture change does not happen overnight. We are taking a series of measured transition steps, taking time to reflect on our learnings as we go. We learned a lot from the ARA/AIO pilot, and we will learn a lot from this year's trial run. Honest evaluations of these efforts lead to continuous improvement.



# Frequently Asked Questions #4

▼ Why am I not receiving the detailed training before the Trial Run?



## **Frequently Asked Questions #4**

- First, we wanted to communicate with the entire Core Compensation workforce before the trial run - not just to the managers, who are the only ones who will need the detailed training on how to conduct the SCI.**



## **Frequently Asked Questions #4**

- Secondly, only after the trial run will we be able to identify the areas where detailed training is needed. By providing this orientation now we communicate to everyone what the SCI process will look like, then we will be able to incorporate lessons learned from the trial run in a detailed training session before the real process is conducted.**



## Frequently Asked Questions #4

- Third, on-site help and an implementation package of necessary materials and information will be provided to managers before the start of the trial run.



# Frequently Asked Questions #5

▼ How will the groupings/poolings be determined?



# Frequently Asked Questions #5

- Your LOB/SO will make many of these specific decisions within broad Agency guidance. Since each LOB/SO is different from the others, what will work for one, may not work for another.
- Expect communication from your management chain as decisions are made, but definitely prior to the trial run.





# Frequently Asked Questions #5

- **Factors that may enter the decision:**
  - **Job Categories**
  - **Number of employees within organization/location**
  - **Remote or one-of-a-kind positions, etc.**
- **One advantage of the trial run is the ability to modify the process before the Real SCI assessment.**



## Open For Questions

▼ What questions did we put in the “parking lot” so far? What questions do you have? Let’s answer some.



# The Core Compensation Plan



## *Implementation Timeline & Next Steps*





# Implementation Timeline & Next Steps

Work Steps	Months											
	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan
IVT Orientations for Managers and Employees in Core Compensation	■	■	■	■								
Preparation for Trial Run		■	■	■								
Trial Run				■	■	■						
Evaluation and Lessons Learned					■	■	■	■				
Managers' Training on SCI Process						■	■	■	■			
SCI Assessment									■	■	■	
SCI Payout											■	■



# Implementation Timeline & Next Steps

- ▼ SCl Orientation: February - April 2001
- ▼ Preparation for Trial Run: March - April 2001
- ▼ Trial Run : May - June 2001
- ▼ Evaluation: June - July 2001
- ▼ Managers' Training: July - September 2001
- ▼ SCl Assessment: October - November 2001
- ▼ SCl Payout: December 2001/January 2002



# The Core Compensation Plan



*For More  
Information*





## For More Information

- ▼ **For more information about the SCl or other Core Compensation issues, talk with your supervisor or contact your organization's representative on the Corporate Core Compensation Implementation Team (CCCIT). CCCIT members and alternates are:**



## For More Information

- **AAF: Don Detzel, Valerie Greene-Reveyoso**
- **AAT: Kitti Durham**
- **ABA: Carl Burrus, MaryAnn Hall**
- **ACR: Duke Taylor**
- **ACS: Shelby Heartwell**
- **ADA: Suzanne Holloway**
- **AGC: Jerome Jones**





## For More Information

- **AGI: Robert Cripe**
- **AHR: Sue Gray, Michele Moorehead, Harry Olmsted, Lisa Martin, John Shamley, Glenda Whiting, Chris Early**
- **AOA: Suzanne Holloway**
- **AOZ: Linda R Smith**
- **API: Bill Tusaie**



## For More Information

- **ARA: Jack W Jackson, Mike Packard**
- **ARC: Veronica Calvert, Pat Pointer**
- **ARP: Sabreenah Key**
- **ARS: Nadine Adams, Veronica Sines**
- **AST: DJ Stadtler**
- **AVR: Phil Canal, Kimberly Smith, Benjamin Burton**



## More Information

- ▼ **Core Compensation Website**
  - <http://www.faa.gov/corecomp/>
- ▼ **Videos of the SCI Orientation Sessions**
- ▼ **Briefings on Request**



# FAA's NEW COMPENSATION SYSTEM

